Lakshmikumaran Sridharan attorneys
SINCE 1985
exceeding expectations

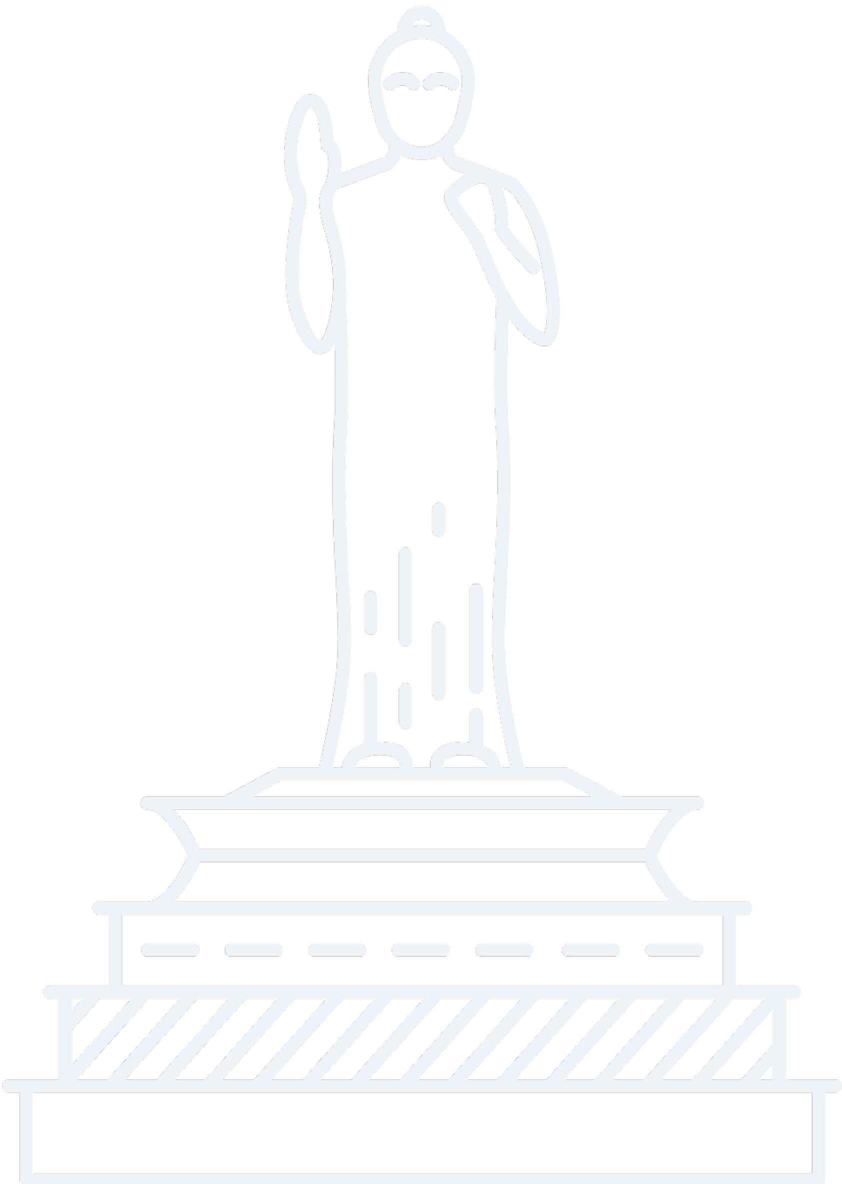
MARCH 2025 / Issue-2

HyMA

An update on Hyderabad Mergers & Acquisitions

A fortnightly E-Newsletter from
Lakshmikumaran & Sridharan Attorneys

INDIA



Artistic Representation of Buddha Statue (in Tank bund) Hyderabad, India

Table of Contents

IMPACT OF USA TARIFFS ON INDIA'S M&A LANDSCAPE

By **Netri Agrawal**

The potential introduction of tariffs by United States of America (**'USA'**) under the Trump administration has raised concerns about its impact on cross-border mergers and acquisitions (**'M&A'**) involving Indian companies. Given the USA's strong emphasis on 'reciprocity' in trade, the imposition of additional tariffs on Indian exports could escalate operational costs for businesses engaged in bilateral trade. The said evolving regulatory landscape leading to additional cost will create complexities in deal structuring and approvals.

However, one of the immediate consequences of these tariffs is that these puts pressure on Indian-export driven sectors, which may face higher costs and shrinking profit margins. This, in turn, will affect their attractiveness as acquisition targets. Companies operating in steel, manufacturing, engineering goods and Information Technology hardware which have strong trade links with the USA, could see reduced valuations and slower deal making activity. Foreign investors, particularly those from the USA, may reassess their India-focused acquisition strategies, opting for more stable sectors or wait for valuations to adjust before making investment decisions.

It is to be noted that the changing trade dynamics also present opportunities. As Indian Companies will look to minimize tariff related losses, domestic market has a chance to gain momentum. Instead of relying on the international expansion, companies may seek to strengthen their presence in the domestic market through strategic acquisitions. This shift could drive M&A activity within India, particularly in consumer driven industries, financial services, and infrastructure, where dependence on exports is minimal. Hyderabad, known as 'Pharma City', is in a well settled position to attract investment, particularly in high-growth sector like life sciences, AI-driven healthcare, and biotechnology.

Private equity and venture capital investors who have been instrumental in fuelling India's M&A boom are also to change their strategies. While there could be caution in sectors directly affected with tariffs by USA, the appetite for investment may grow in industries that are less vulnerable to trade disruptions. Renewable energy, pharmaceuticals, and digital services remain attractive segments where deals are expected to stay robust despite global trade tensions. Furthermore, the trade barriers imposed by the USA could accelerate India's efforts to deepen economic ties with other markets. Companies seeking alternatives to the USA may pursue M&A opportunities within Asia, Europe, Middle East, diversifying their global footprint. This could lead to an increase in outbound M&A transactions, with Indian firms acquiring foreign assets to secure market access and technological advantages.

Despite the challenges, India could stand as an attractive investment destination due to its strong domestic consumption, policy support for manufacturing, and a thriving startup ecosystem. While short term uncertainties may slow cross border M&A, for long term the broader investment climate will continue to evolve, offering new avenues for deal making. Businesses and investors will need to navigate these complexities carefully, focusing on resilient sectors and long-term growth prospects in an increasingly protectionist global economy

Darwinbox bags $140 Mn in a round led by KKR, Partners Group

Darwinbox, a Hyderabad based firm leading HR services SaaS company, has successfully closed a $140 million funding round co-led by Partners Group, KKR, and Gravity Holdings. This round, which was largely secondary with a smaller primary component, is valued at around $950 million. The funding will support the company's growth and expansion, focusing on strengthening its AI capabilities and international market reach. This investment comes after Darwinbox's previous valuation of $1 billion in 2022. The company plans to continue enhancing its HR software solutions to cater to a global clientele.

[Source: *Economic Times*, published on 6 March 2025]

Coromandel International signs Definitive Agreement to acquire controlling stake in NACL Industries

Coromandel International has signed a definitive agreement to acquire a 53% controlling stake in NACL Industries, formerly known as Nagarjuna Agrichem, for INR 820 Crores (~USD 99 million). This strategic acquisition positions Coromandel as one of the leading players in the Indian crop protection industry, enhancing its scale and product portfolio with NACL industries' expertise in agrochemicals, manufacturing facilities in Andhra Pradesh and a Research and Development (R&D) unit near Hyderabad. It also provides Coromandel with an entry into contract manufacturing. The deal includes an open offer to acquire an additional 26% of NACL's equity, subject to regulatory approvals. This move is expected to strengthen Coromandel's market presence both domestically and internationally.

[Source: *AgriTechTomorrow*, published on 12 March 2025]

Mindspace REIT is set to acquire the Commerzone Raidurg IT Park

Mindspace REIT is set to acquire the Commerzone Raidurg IT Park for INR 2,038 crore. The acquisition includes a 1.82 million sq ft IT park in Hyderabad, which is fully leased to Qualcomm. Following this deal, Mindspace REIT's portfolio in Hyderabad will expand to approximately 15 million sq ft, and its overall portfolio size will reach 36.6 million sq ft, with a committed occupancy rate of 92%. This strategic acquisition is expected to increase Mindspace REIT's net operating income by 8.2% for the current financial year, strengthening its position in the growing Hyderabad market.

[Source: *Krahejacorp*, published on 14 March 2025]

Syneriq's new AI Global Capability Centre in Hyderabad

Syneriq Global, a US-headquartered company, has inaugurated a new 40,000 sq ft Global Capability Centre (GCC) in Hyderabad, India, with an investment of INR 50 crore (approximately $6.8 million). This facility aims to strengthen Syneriq's presence in the global digital sector. As part of the launch, the company introduced 'Zyrix', an AI-driven platform focused on innovation and product engineering. Syneriq also announced plans to expand its workforce to 1,500 employees worldwide, supporting its ambition to become a $150 million group.

[Source: *Times of India,* published on 14 March 2025]

World’s largest eyewear manufacturing plant in Hyderabad by Lenskart

Lenskart has begun construction of the world's largest eyewear manufacturing facility in Hyderabad, India, with an investment of INR 1,500 crore (approximately $204 million). Developed in collaboration with the Telangana Government, the 50-acre integrated plant is expected to create over 2,100 jobs and significantly boost Lenskart’s production capacity to cater to domestic, Asian, and Middle Eastern markets. The first phase of the facility is set to be operational by the end of 2025, eventually enabling the production of over 200,000 glasses per day.

[Source: *Times of India,* published on 6 March 2025]

Goa Shipyard and IIT Hyderabad sign pact to integrate AI in shipbuilding

Goa Shipyard Limited (GSL) has signed an MoU with IIT Hyderabad to integrate AI into shipbuilding, enhancing vessel design, security, and operational efficiency. The collaboration, formalized on 10 March 2025, also includes technology partners such as Neer Interactive Solutions, the Center for Geospatial AI and Digital Twins (CGDT), and Andhra Mahila Sabha (AMS) Arts and Science College. GSL, under the Ministry of Defence, specializes in constructing offshore patrol vessels, fast attack craft, and frigates for the Indian Navy and Coast Guard.

[Source: *Times of India,* published on 10 March 2025]

Securities Exchange Board of India ('SEBI')

- SEBI's Circular on **'Faster Rights Issue with a flexibility of allotment to specific investor(s)'** dated 11 March 2025 (as applicable to listed entities and other relevant entities) introduces measures to speed up the process of rights issues by companies. Companies are required to complete the rights issue within 23 days from the board of directors of the issuer company approving the right issue. In terms of Regulation 87 of SEBI ICDR Regulations and in view of the revised timelines, the rights issue shall be kept open for subscription for a minimum period of 7 days and for a maximum period of 30 days. SEBI with this amendment aims to streamline the process, enhance market efficiency, and support companies in raising capital more quickly.

- **SEBI (Alternative Investment Funds) Regulations, 2012** (AIF Regulations) have been **amended** and notified on 18 November 2024, with respect to maintaining pro-rata and pari-passu rights of investors in a scheme of an AIF. Subsequently a SEBI Circular dated 13 December 2024 required that a one-time reporting requirement to SEBI in a prescribed format, on or before 28 February 2025, for AIFs/schemes of AIFs whose PPMs were filed with SEBI on or after 1 March 2020, and have issued differential right(s) which do not fall under the implementation standards formulated by Standard Setting Forum for AIFs. SEBI has now as per its circular dated 3 March 2025 extended the said timeline to 31 March 2025, for ease of compliance.

Contact Us

Any query relating to the subject of this Update may be directed to:

Noorul Hassan, Partner, Corporate and M&A
E-mail: noorul.hassan@lakshmisri.com

You can also contact us at:

Lakshmikumaran & Sridharan Attorneys
'Hastigiri', 5-9-163, Chapel Road, Opp. Methodist Church, Nampally,
Hyderabad 500 001 Phone: 040-2323 4924
E-mail: Lshyd@lakshmisri.com

Stay Connected

www.lakshmisri.com | www.gst.lakshmisri.com | www.addb.lakshmisri.com

NEW DELHI • MUMBAI • CHENNAI • BENGALURU • HYDERABAD • AHMEDABAD • PUNE • KOLKATA • CHANDIGARH • GURGAON • PRAYAGRAJ • KOCHI • JAIPUR • NAGPUR